

Pushpay exceeds guidance for Q2 ended 30 September 2016

Auckland, New Zealand | Redmond, Washington, USA – 12 October 2016

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') announces that it has exceeded guidance for the quarter ended 30 September 2016.

As anticipated in Pushpay's Prospectus released to the NZX on 21 September 2016, Pushpay achieved net Merchant growth of 795 Merchants for the quarter ended 30 September 2016, which exceeded the net Merchant growth of 725 Merchants in the previous quarter ended 30 June 2016. Further, Pushpay's Average Revenue Per Merchant (ARPM) for the quarter ended 30 September 2016 increased by 5.4% over the previous quarter as anticipated, to US\$534 per month.

Chris Heaslip, Pushpay's CEO and Co-founder said, "Pushpay continues to exceed guidance, having completed yet another successful and exciting quarter. We increased our total Merchant numbers to 5,286, while also increasing our Average Revenue Per Merchant (ARPM), which indicates that our deal size is increasing in accordance with our strategy to attract larger merchants. Pushpay now services five of the top 10 largest churches in the USA and 30 of the top 100 largest churches in the USAⁱ, just last quarter we were servicing five of the top 10 and 24 of the top 100 largest churches in the USAⁱⁱ. The confidence and support from large and reputable organisations such as these demonstrates that Pushpay's payment solutions are well-understood by the market and further validates the Pushpay proposition.

Pushpay has made substantial progress during what is seasonally a slow quarter and remains on track to reach US\$72 million (NZ\$100 million) in Annualised Committed Monthly Revenue (ACMR) and breakeven on a monthly cash flow basis prior to the end of calendar year 2017."

Key metrics ⁱⁱⁱ	Quarter ended 30 Sep 2015	Quarter ended 30 Sep 2016	% Change
<i>Increase in ACMR</i>	US\$2.5m	US\$6.6m	160.0%
<i>ACMR</i>	US\$8.9m	US\$33.9m	282.4%
<i>Average Revenue Per Merchant (ARPM)</i>	US\$361 per month	US\$534 per month	47.8%
<i>Total Merchants</i>	2,102	5,286	151.5%
<i>Months to Recover Customer Acquisition Cost (CAC)</i>	<12 months	<12 months	✓
<i>Annual Revenue Retention Rate</i>	>95%	>95%	✓
<i>Staff Headcount</i>	143	280	95.8%
<i>Cash and Available Funding Lines</i>	US\$5.4m	US\$7.0m	29.9%

Note: Cash and Available Funding Lines includes the standby funding facility of up to NZ\$10 million made available to the Company by Christopher & Banks on 30 June 2016. It does not include the AU\$40 million raised through the private placement on 5 October 2016 or the costs associated with capital raising activities.

Highlights for the quarter ended 30 September 2016

- ACMR increased to US\$33.9 million, an increase of 282.4% over the year to 30 September 2016. Pushpay remains on track to reach US\$72 million (NZ\$100 million) in ACMR prior to the end of December 2017. See more under 'Annualised Committed Monthly Revenue (ACMR)'.
- Pushpay increased its customer base to 5,286 total Merchants, an increase of 151.5% over the year to 30 September 2016. As at 30 September 2016, five of the top 10 and 30 of the top 100 largest churches in the USA^{iv} have chosen to use Pushpay. See more under 'Pushpay's Merchant numbers'.

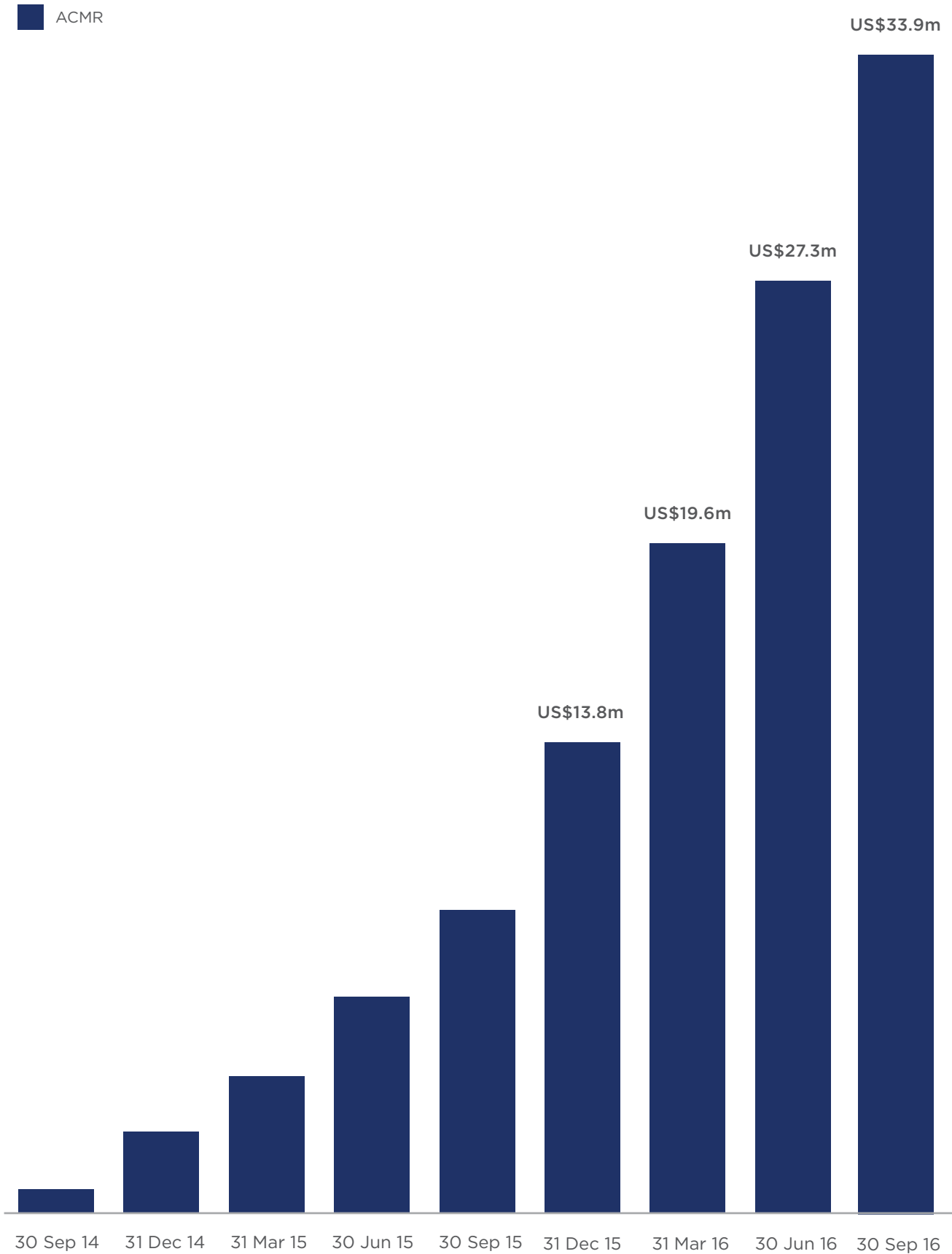
- ARPM increased to US\$534 per month, an increase of 47.8% over the year to 30 September 2016. See more under '*Average Revenue Per Merchant (ARPM)*'.
- Months to Recover CAC remained at less than 12 months and is expected to remain at this level as the business grows.
- Annual Revenue Retention Rate (excluding upsells into the existing Merchant base) continued to exceed 95%, which the Company believes places it among the best-in-class for SaaS companies. Pushpay expects its Annual Revenue Retention Rate to remain at this level as the business grows.
- Staff headcount increased to 280, an increase of 95.8% over the year to 30 September 2016. Pushpay now has 73 staff based in New Zealand and 207 staff based in the USA.
- Pushpay completed an AU\$40 million private placement on 5 October 2016. See more under '*AU\$40 million private placement*'.
- Pushpay's shares will commence quotation on the ASX today, Wednesday, 12 October 2016 at 12:00 pm (AET) / 2:00 pm (NZT) under the ticker code 'PPH'. Pushpay's NZX ticker code has changed to 'PPH' to enable its shares to be quoted under the same ticker code on both the ASX and NZX Main Board. See more under '*ASX listing*'.
- Pushpay has seen impressive adoption of 'eChurch Apps' and will shortly launch 'Text Giving'. See more under '*Product updates*'.
- The Pushpay Enterprise 'bill payment solution' pilot results have seen success over the past 12 months. Watercare Services Limited (Watercare), who provide water and infrastructure services to over 423,000 Auckland homes, was one of the partners piloting the Enterprise solution. Pushpay Enterprise is proud to have recently signed a longer term agreement for its 'bill payment solution' to serve Watercare's entire retail customer base. We look forward to a closer working relationship with Watercare.
- Pushpay is proud to now process over US\$1 billion in Annualised Monthly Payment Transaction Volume. Since May 2016, Pushpay has increased its Annualised Monthly Payment Transaction Volume by US\$281 million to over US\$1 billion, an increase of 39.1% over four months. US\$119 billion was given to religious organisations in the USA last year*, of which Pushpay now processes around 1%. The Company's goal is to reach the milestone of US\$10 billion in Annualised Monthly Payment Transaction Volume, representing less than 10% of annual giving to religious organisations in the USA last year.
- Over the quarter, Pushpay brought forward its US\$72 million (NZ\$100 million) ACMR target to be reached prior to the end of December 2017, eight months sooner than initially anticipated. By way of comparison, Xero grew from NZ\$10 million to NZ\$100 million of ACMR in around 42 months and Pushpay now expects to accomplish this in less than 28 months.
- James Maiocco joined Pushpay on 1 September 2016 from Xero, where he served as General Manager of Business and Corporate Development. James was appointed as Pushpay's Chief Business Development Officer and is focusing on Partnerships and Business Development. James is a seasoned business executive with over 20 years' experience at cutting-edge technology companies. During his tenure at Xero, Xero consummated major partnerships with Apple, Google and Microsoft; further, James led a US\$110 million financing round for Xero with Accel Partners and Matrix Capital.

Annualised Committed Monthly Revenue (ACMR)

The Company increased its ACMR to US\$33.9 million, an increase of 282.4% over the year to 30 September 2016. Pushpay remains on track to reach its US\$72 million (NZ\$100 million) ACMR target and breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

Pushpay expects to reach its target based on further development of its product, direct sales, referrals strategy and through targeting merchants that have existing relationships with Pushpay's strategic channel partners and other distribution partners.

Pushpay's ACMR growth



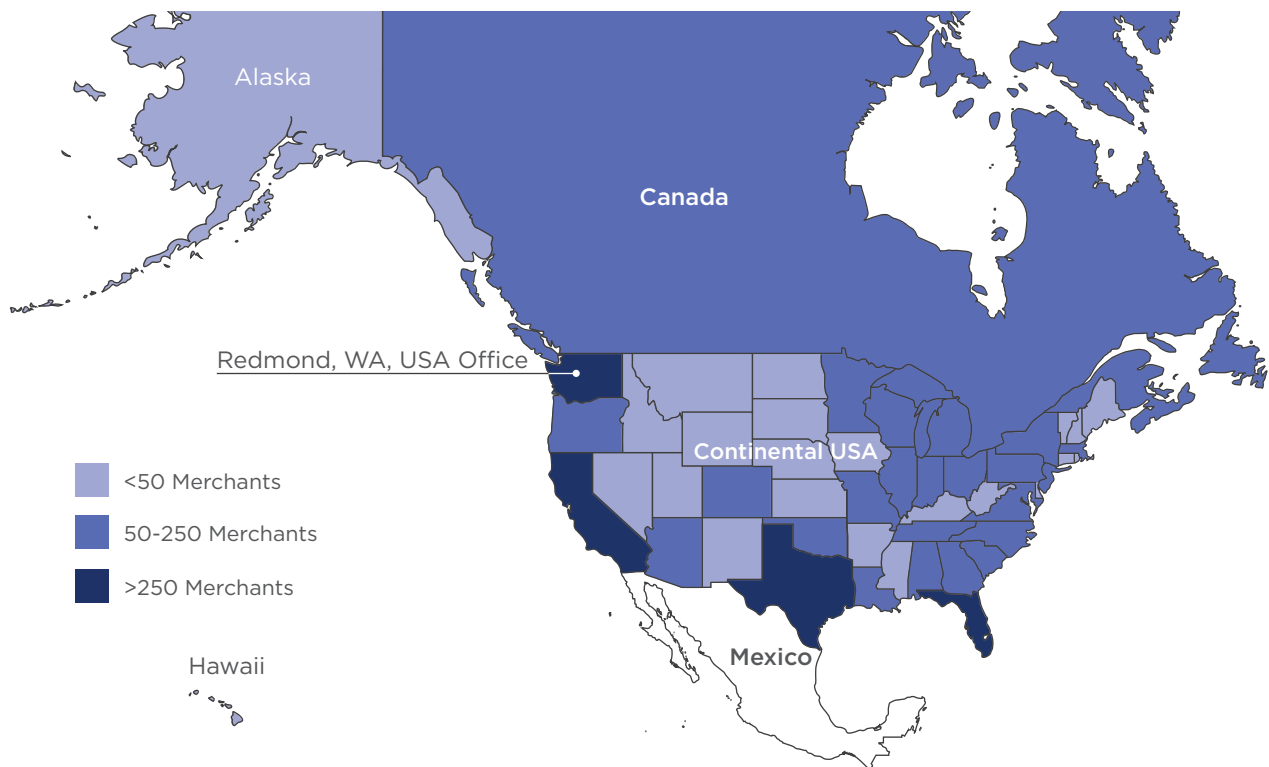
Pushpay's Merchant numbers

Pushpay increased its customer base to 5,286 total Merchants, an increase of 151.5% over the year to 30 September 2016. As at 30 September 2016, five of the top 10 and 30 of the top 100 largest churches in the USA have chosen to use Pushpay.^{vi}

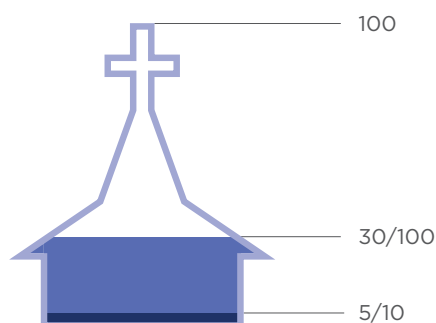
To give context as to the sizes of these organisations, the largest church that Pushpay services has over 39,000 average weekly attendees.^{vii} The confidence and support of large Merchants such as these demonstrates that Pushpay's payment solutions are well-understood and valued by our main target market, the USA faith sector.

As at 30 September 2016, 97% of Pushpay's Merchants were located in North America which covers the USA and Canada with the remaining 3% located in Australasia which covers New Zealand and Australia. Pushpay attracts Merchants from all over the USA and Canada, suggesting the business model is not location specific.

Location of Pushpay's Merchants in North America^{viii}



100 largest churches in the USA

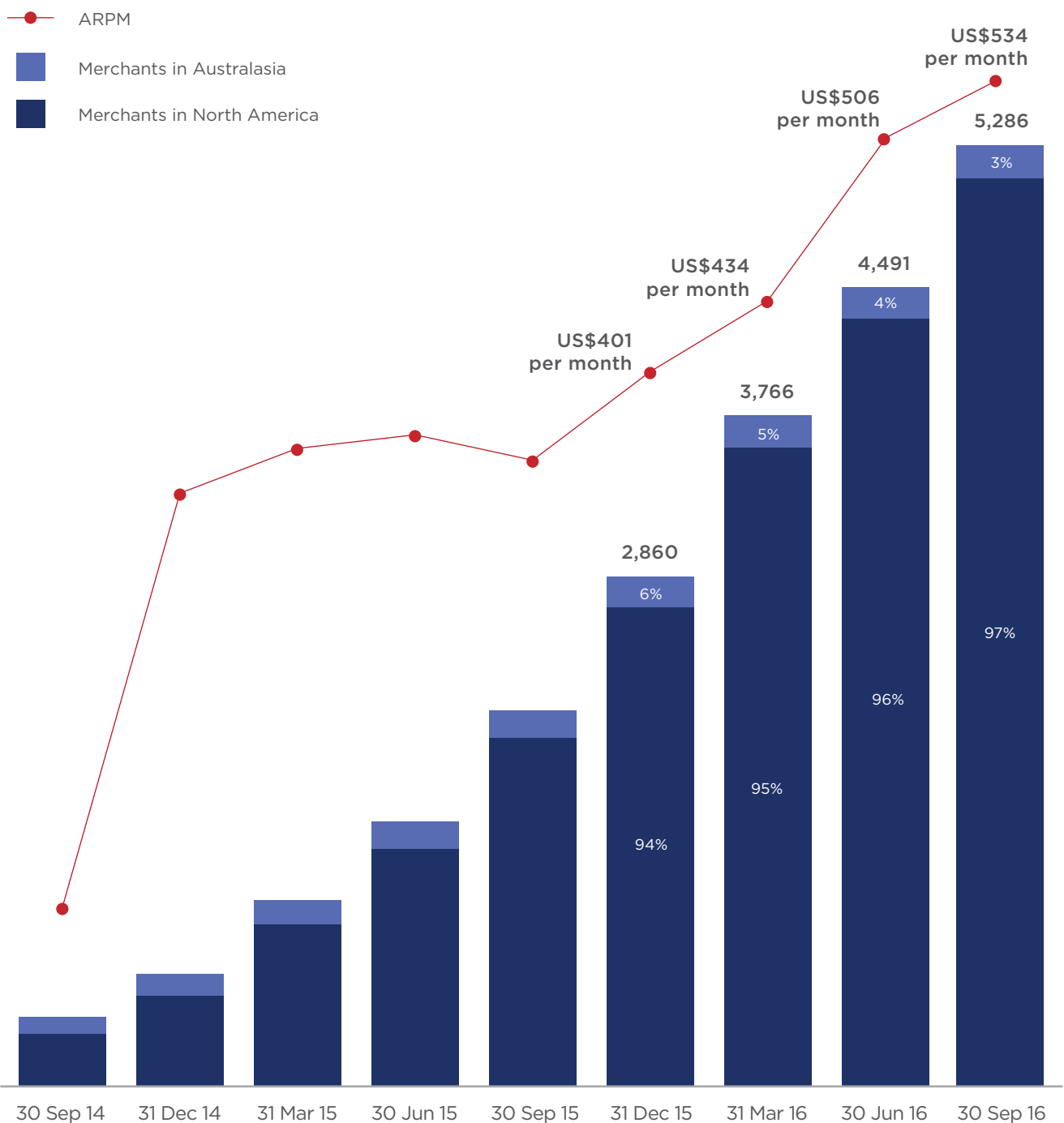


Pushpay now services **5** of the top 10 and **30** of the top 100 largest churches in the USA

Average Revenue Per Merchant (ARPM)

ARPM increased to US\$534 per month, an increase of 47.8% over the year to 30 September 2016. Pushpay's ARPM continues to increase as its Merchant base grows, indicating that Pushpay is delivering on its strategy to attract larger merchants. There are a number of factors which have contributed to our increased ARPM, which includes larger deal sizes and upgrading Merchants from our back book who are on legacy plans. As the graph below indicates, Pushpay is successfully increasing the amount of revenue derived from each Merchant as it continues to gain market share in the USA faith sector.

Pushpay's Merchant numbers and ARPM



AU\$40 million private placement^{ix}

On 5 October 2016, Pushpay successfully completed the book build for its AU\$40 million (US\$31 million) private placement, at the clearing price of AU\$2.09 per share (NZ\$2.20 per share). As part of the book build, certain existing non-insider shareholders agreed to sell over AU\$14 million (US\$11 million) of secondary shares at the book build clearing price in addition to the AU\$40 million (US\$31 million) of primary capital raised through the private placement. All secondary shares offered at the clearing price were placed, with the book subject to scaling.

The book build was conducted by Australia-based Ord Minnett, as the sole lead manager and bookrunner. The book build was well supported, attracting bids from exempt investors in New Zealand, Australia and Asia.

Pushpay directors and their associated interests did not sell any shares in this process. Interests associated with Pushpay director, Christopher Huljich, did participate in the book build subscribing for 478,468 additional shares in Pushpay at the clearing price.

Escrow deeds were entered into with shareholders associated, respectively with directors Christopher Heaslip, Christopher Huljich, Douglas Kemsley, Eliot Crowther and Graham Shaw, under which those shareholders have, subject to certain exceptions, agreed not to sell Pushpay shares until the trading day immediately after the date on which Pushpay's full year results for the year ending 31 March 2017 are released to the NZX and ASX. The escrow deeds were entered into voluntarily, and demonstrate the directors' ongoing commitment to Pushpay and its strategy.

The proceeds of the private placement will be used by the Company as working capital and to fund Pushpay's continued roll out of its payments solutions across the USA faith sector until it reaches cash flow breakeven on a monthly basis, which is targeted to occur prior to the end of calendar year 2017.

Chris Heaslip said, "The success of the private placement and book build demonstrates strong support for Pushpay and understanding of our business proposition from a global perspective. The high level of interest and support assisted in delivering a successful outcome for the Company, our existing shareholders and new shareholders. The book build attracted a number of high quality institutional and exempt investors. The support received from reputable and world-class institutions is testament to Pushpay's business proposition, execution to date and future prospects.

The private placement will support Pushpay in achieving its key targets in the next calendar year. Pushpay remains on track to reach US\$72 million (NZ\$100 million) in ACMR and breakeven on a monthly cash flow basis prior to the end calendar year 2017.

On behalf of Pushpay I would like to thank Ord Minnett and JMP Securities for their assistance in bringing the process to a successful conclusion and welcome new shareholders to the Company."

ASX listing

Pushpay's shares will commence quotation on the ASX today, Wednesday, 12 October 2016 at 12:00 pm (AET) / 2:00 pm (NZT) under the ticker code 'PPH'.

Pushpay is proud to have its shares quoted on the ASX and believes the secondary listing will: diversify the Company's funding sources; attract greater institutional capital to Pushpay's share register; achieve greater shareholding spread across the Company's share register; and generate additional liquidity in the market for Pushpay shares going forward.

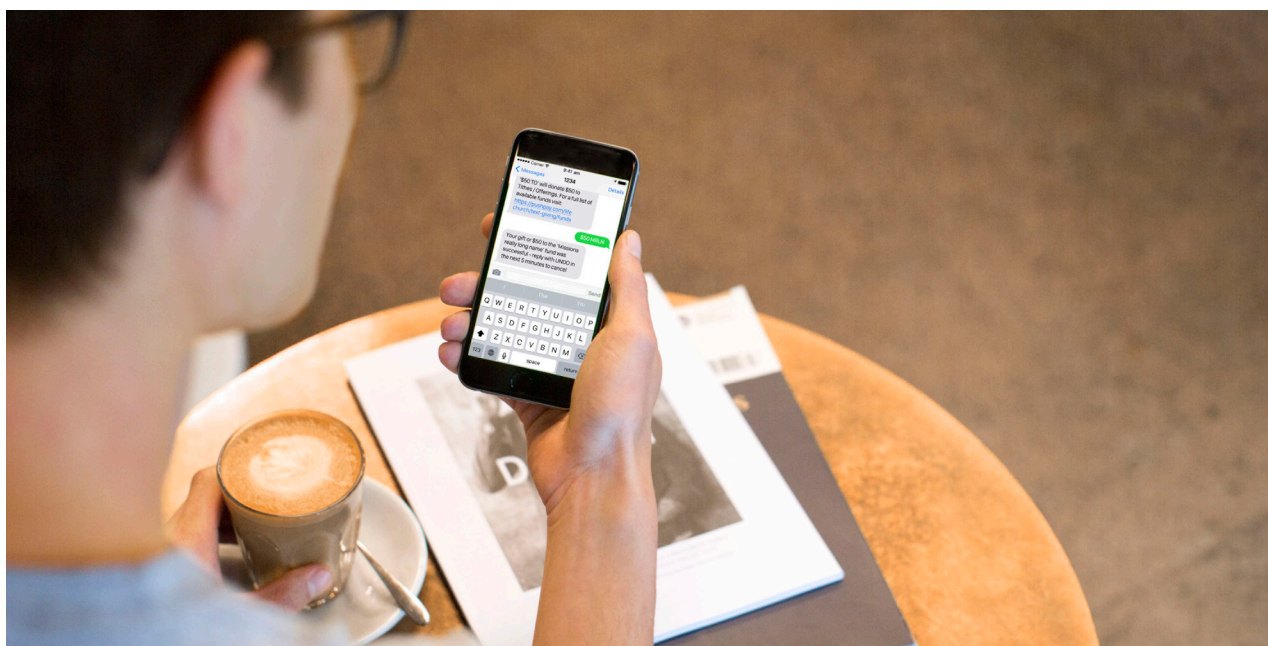
Product updates

eChurch Apps

Since launching the offering in June 2015, Pushpay has seen growing demand for its Fastpay integrated custom app payment solution. Pushpay is pleased to now provide over 3,000 Merchants with a custom branded engagement platform, coupled with the Fastpay integrated payment system. This offering places Pushpay in a prime position to support its target markets with effective tools to drive customer engagement and greater adoption of the mobile payment platform.

Text Giving

To complement Pushpay's existing payment pathways of kiosk, mobile, web, custom app and envelope giving, the Company is pleased to announce that from 1 November 2016, Pushpay Merchants will be able to accept donations via text message through a new text giving solution. This additional feature further re-enforces Pushpay's position as a complete giving and engagement solution.



Outlook

"Following the successful private placement of AU\$40 million, Pushpay now has the required funding to confidently reach its targets of US\$72 million (NZ\$100 million) ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017. Over the current quarter ending 31 December 2016, we expect to exceed the ACMR increase over the quarter ended 30 September 2016", said Chris Heaslip.

Investor Calendar

The following dates are indicative only and are subject to change at Pushpay's discretion.

23 November 2016	Interim Report release
11 January 2017	Quarterly Operational Update
31 March 2017	Pushpay's Financial Year End
12 April 2017	Quarterly Operational Update

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About Pushpay

Pushpay provides mobile commerce tools that facilitate fast, secure and easy non point of sale payments between consumers and merchants. Pushpay targets merchants who are looking to offer convenient, personalised and intuitive payment solutions to their consumers. Pushpay services three target markets: the faith sector; non-profit organisations and enterprises (both small medium enterprises and corporate organisations).

Pushpay was honoured with three awards at the Best in Biz International Awards 2016 including one Silver Award and two Gold Awards, making it the third most awarded company at the Best in Biz International Awards 2016. Pushpay was awarded by Deloitte as the Fastest Growing Technology Business and Fastest Growing Exporter in the Auckland region in 2016. Pushpay was presented a Silver Award at the World 2016 App Design Awards and was awarded four Stevie Awards in 2016 including a Silver Award in the Customer Service Department of the Year category. Pushpay is ranked 1st on the TIN100 ASB Ten Hot Emerging Companies List and Pushpay's co-founders Chris Heaslip and Eliot Crowther are the EY Entrepreneur Of The Year 2015 New Zealand Young category winners.

To download the Pushpay App, visit the iTunes App Store or Google Play and search for "Pushpay".

Visit www.pushpay.com to learn more and see an online demonstration of how Pushpay enables merchants and consumers to "never miss the moment".

- i Outreach Magazine (2016). 100 Largest Participating Churches 2016
- ii Outreach Magazine (2015). The Largest Churches 2015
- iii Annual Revenue Retention Rate – Pushpay measures its Annual Revenue Retention Rate as recurring revenue retained from Merchants (for example, in the case of Merchants in the faith sector, this is measured by the amount of recurring revenue at the end of the period excluding upsells into the existing Merchant base, over the amount of recurring revenue from the end of the previous period).

Annualised Monthly Payment Transaction Volume – the annualised four week average payment transaction volume, excluding weeks falling in December given this is a seasonal high period.

Annualised Committed Monthly Revenue (ACMR) – ACMR is Average Revenue Per Merchant (ARPM) multiplied by its Merchants and annualised. ACMR is a key metric to track how a SaaS business is acquiring revenue.

Average Revenue Per Merchant (ARPM) – Pushpay calculates ARPM using a combination of subscription fees and volume fees. Subscription fees are based on the size of the Merchant and volume fees are based on payment transaction volume. Volume fees are recognised on a gross basis and associated costs payable to processing banks, such as Visa and MasterCard, are classified as expenses. In order to remove the seasonal effect on volume fees the last 12-month average volume fee per Merchant is used for the volume fee component of ARPM.

Cash and Available Funding Lines – This includes the standby funding facility of up to NZ\$10 million provided on 30 June 2016 to the Company by Christopher & Banks. It does not include the AU\$40 million raised through a private placement on 5 October 2016 or the costs associated with capital raising activities.

Customer Acquisition Cost (CAC) – CAC is calculated as sales, marketing and implementation costs divided by the number of new Merchants added over a certain period of time.

Merchant – A 'Merchant' is a business or organisation that utilises Pushpay's payment platform to process electronic transactions. Pushpay reports Merchants that have entered into an agreement and completed the paperwork necessary to setup their facility.

Months to Recover CAC – CAC months or months of ARPM to recover CAC represents the number of months of revenue required to recover the cost of acquiring each new Merchant.

Staff Headcount – Pushpay's employees at a specific point in time.
- iv Outreach Magazine (2016). 100 Largest Participating Churches 2016
- v Giving USA (2016). Giving USA 2016 Annual Report
- vi Outreach Magazine (2016). 100 Largest Participating Churches 2016
- vii Outreach Magazine (2016). 100 Largest Participating Churches 2016
- viii Includes locations in North America of Merchants which have been added to the Pushpay platform as at 30 September 2016.
- ix The following FX Rates were used in the section 'AU\$40 million private placement' from Oanda as at 3 October 2016:

AUD/USD: 0.76622

AUD/NZD: 1.05382

ENDS